

BILL ANALYSIS

S.B. 698
By: Carona
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law requires insurance carriers to promptly refund any premium owed to policyholders upon the cancellation of a policy. The returned money is referred to as "unearned premium." However, there is concern that, because the code does not clearly define the term "promptly refund" or provide a timeline within which insurers must return any unearned premium, policyholders do not always receive the unearned premium in a timely manner. S.B. 698 seeks to remedy this situation by establishing a deadline by which an insurer is required to refund any unearned premium to a policyholder after the cancellation or termination of certain policies.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 698 amends the Insurance Code to require an insurer to refund the appropriate portion of any unearned premium to the policyholder not later than the 15th business day after the effective date of cancellation or termination of a policy of personal automobile or residential property insurance. The bill applies only to an insurance policy delivered, issued for delivery, or renewed on or after September 1, 2013.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.